

MINUTES OF MEETING

These minutes have not been reviewed or approved by the RISLA Board of Directors. These minutes are being posted in order to be in compliance with the State Open Meetings Law. Board approved minutes will be submitted when available.

The 304th meeting of the Rhode Island Student Loan Authority was held on Friday, June 21, 2013 in the McKenna Conference Room, 1st Floor, 560 Jefferson Boulevard, Warwick, Rhode Island.

Members in attendance:

Mr. Robert J. Delaney
Ms. Christine Barnes Jenkins
Mr. Robert R. Theroux
Mr. Dennis J. Duffy, Esq.
Mr. Daniel P. Egan
Mr. Chris Feisthamel, Designee of the General Treasurer

Others in attendance:

Mr. Charles Kelley
Mr. Noel Simpson
Ms. Jennifer Dutch
Mr. Kevan McAleer
Mrs. Jane Creta
Ms. Deborah Machowski
Mr. Joseph Palumbo
Mr. Adrian Van Alphen
Mr. Chad Pastorius
Mrs. Stacy Crooks
Mr. Blake Collins

The meeting was called to order at 10:40 a.m.

Mr. Palumbo announced to the board that the election of officers to the RISLA board of directors and elections could take place at the current meeting.

Each new board member briefly introduced themselves. Current RISLA staff members in attendance introduced themselves to the new board members.

Mr. Kelley provided an agency overview to the Board. He began by telling the members that RISLA is in good financial and operational standings. RISLA receives no state funding and provides non-federal education loans, but has not issued federal loans since July 2010 when the Direct Loan Program began. RISLA opened the College Planning Center (CPC) 15 years ago and currently has 3 resource centers. Mr. Kelley told the members that RISLA provides financial literacy programs which help to keep the default rates low. He mentioned that last fall RISLA began an internship program.

Mr. Kelley informed the board members that since RISLA was created in 1981 it has saved RI students and families over \$30 million; the current default rate on RISLA's non-federal loans is approximately 2%; and RISLA provides low fixed rate loans and offers loan forgiveness programs to nurses and nurse educators and also offers income based repayment options for its non federal loan program.

Ms. Crooks provided a brief overview of the CPC and its operations.

Mr. Kelley discussed the VCAP program. He mentioned that RISLA has engaged Nixon Peabody to represent the agency in dealing with the IRS. He explained that it is not a financial impact because RISLA, over the years, has accrued funds for excess interest liability which should more than cover VCAP liability. Arbitrage is normally paid periodically but VCAP would be paid immediately.

Mr. Duffy requested a written summary to get a better understanding of the issue.

Mr. Feisthamel said bond refinancing helps to lower the liability as well. Mr. Kelley said the buy backs of the current auction rate bonds outstanding also helps to lower the liability. Mr. Feisthamel mentioned the IRS potential liability at June 30, 2012 was approximately \$11.4 million. Mr. Kelley explained that RISLA has excess interest reserves. Mr. Simpson said he hopes the IRS will settle by the end of the summer.

Mr. Kelley discussed the challenges RISLA faces.

Mr. Kelley told the new members that RISLA services its non federal loans in house and outsources its federal loans because it is less expensive.

Mr. Theroux asked if there was any pending legislation that could adversely impact RISLA. Mr. Kelley spoke about the interest rates on Subsidized Stafford loans which is expected to double to 6.8% on July 1st. This may increase the roles of the states.

Mr. Duffy asked if RISLA was active in legislative affairs or lobbying. Mr. Kelley stated that RISLA does work with Senator Reed, Congressman Langevin, and Senator Whitehouse among others.

ACTION ITEM: Election of Officers

Upon a motion made by Mr. Egan and seconded by Mr. Theroux, it was unanimously VOTED to elect Mr. Delaney as the Chairman of the RISLA Board of Directors.

Upon a motion made by Mr. Egan and seconded by Mr. Feisthamel, it was unanimously VOTED to elect Ms. Jenkins as the Vice Chairman of the RISLA Board of Directors.

Upon a motion made by Mr. Egan and seconded by Mr. Duffy, it was unanimously VOTED to elect Mr. Theroux as the Secretary and Treasurer of the RISLA Board of Directors.

Upon a motion made by Mr. Feisthamel and seconded by Mr. Egan, it was unanimously VOTED to adjourn at 11:40 a.m.

Mr. Robert Theroux
Secretary